

KUMPULAN PERANGSANG SELANGOR BERHAD

(Registration No. 197501002218/ 23737-K)

(Incorporated in Malaysia)

Minutes of the Forty-Seventh Annual General Meeting (“47th AGM”) of Kumpulan Perangsang Selangor Berhad (“KPS Berhad or the Company”) held virtually from the Broadcast Venue at KPS Berhad Corporate Office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan and via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> on Monday, 27 May 2024 at 10.00 a.m.

Present live streaming via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> with Remote Participation and Electronic Voting (“RPEV”) facilities : **Members, Corporate Representatives and Proxies**

As per the Attendance List in **Appendix 1**.

Present at KPS Berhad Corporate Office : **Board of Directors (“Board”)**

- 1) YB Dato’ Setia Haris bin Kasim (“Chairman”)
- 2) YBhg Dato’ Ikmal Hijaz bin Hashim, Senior Independent Director/Chairman of Nomination & Remuneration Committee (“NRC”)
- 3) Encik Ahmad Fariz bin Hassan, Managing Director/ Group Chief Executive Officer (“MD/GCEO”)

Present via MS Teams platform :

- 1) Tuan Ts Saipolyazan bin Mat Yusop
- 2) Puan Norliza binti Kamaruddin, Chairman of Sustainability Board Committee (“SBC”)
- 3) YBhg Dato’ Noorazman bin Abd Aziz, Chairman of Board Investment Review Committee (“BIRC”)
- 4) Ms Sharmila Sekarajasekaran Chairman of Board Governance and Risk Committee (“BGRC”)
- 5) YBhg Datuk Syed Izuan bin Syed Kamarulbahrin, Chairman of Board Audit Committee (“BAC”)

Present at KPS Berhad Corporate Office :

Management

- 1) Puan Suzila binti Khairuddin
Deputy Chief Executive Officer, Finance and Corporate Services (“DCEOFC”)
- 2) Encik Azlan bin Abd Jalil
Deputy Chief Executive Officer, Strategy & Investments (“DCEOSI”)
- 3) Puan Selfia binti Muhammad Effendi
Company Secretary (“COSEC”)

External Auditors

Present by invitation via MS Teams platform : Ms Koo Swee Lin, Audit Partner from Messrs. BDO PLT (External Auditors)

CHAIRMAN

YB Dato' Setia Haris bin Kasim ("Dato' Chairman") presided as Chairman of the 47th AGM ("Meeting").

NOTICE OF MEETING

The notice convening the Meeting, which had been circulated earlier to all members of the Company via e-communication and duly advertised in "The Star" within the prescribed period, was taken as read.

QUORUM

On behalf of the Board and Management, Dato' Chairman welcomed all shareholders and invited guests who were present remotely from various locations through live streaming to the 47th AGM of KPS Berhad.

Thereafter, upon confirmation by the Secretary on the presence of the requisite quorum, Dato' Chairman called the Meeting to order at 10.00 a.m.

OPENING REMARKS

Dato' Chairman informed that the attendance at the 47th AGM was restricted to shareholders/proxy holders and authorised representatives of corporate shareholders who have registered to join the Meeting remotely. Dato' Chairman reminded the Meeting that any visual or audio recording of the Meeting was strictly prohibited unless the Company's prior written consent was obtained. He added that the Questions and Answers ("Q&A") session would only be conducted after all the items on the agenda had been tabled.

Dato' Chairman further reminded the Company had made the necessary effort to ensure smooth live streaming. However, the broadcast quality may be affected by the participants' internet bandwidth connection and stability.

Before Dato' Chairman proceeded to the first item of the agenda, he drew the shareholders' attention to the procedures for tabling and approving resolutions. There were seven (7) ordinary resolutions as set out in the 47th AGM Notice shall be put to the vote by polling as per the Bursa Malaysia Securities Berhad ("Bursa Securities")' Main Market Listing Requirements ("MMLR"). Pursuant to Clause 63(3) of the Company's Constitution, voting by poll accords one vote for every one (1) share held by the shareholder.

Dato' Chairman added that the Company had appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as Poll Administrators and SKY Corporate Services Sdn Bhd ("SKY Corporate Services") as Independent Scrutineers.

Dato' Chairman invited Boardroom to broadcast the video tutorial on the voting procedure and how to raise questions at the meeting through the RPEV application.

Dato' Chairman thanked Boardroom for the video tutorial and explained the sequence of the flow for the meeting as follows:

- i) Presentation by the MD/GCEO on the Business Review for FYE 2023 and Prospects
- ii) To go through all the seven (7) ordinary resolutions as set out in the AGM Notice;

- ii) Q&A session to answer the questions posted by the Minority Shareholders Watch Group (“MSWG”) and shareholders/proxies via the Boardroom Smart Investor Portal commencing from 23 April 2024 (Notice date) to 27 May 2024 (9.00 am) and live questions posted in the query box during the live streaming.

At this juncture, Dato’ Chairman informed the meeting that the Board/Management would endeavour to answer the shareholders’ questions posed, and in the event that the Board/Management were unable to answer all the relevant questions during the meeting, the responses to the remaining questions would either be sent via email to the shareholders at the earliest possible after the meeting or posted on the Company’s website; and

- iii) Upon conclusion of the Q&A session, all seven (7) resolutions would be put to the vote remotely by using the Remote Participation & Electronic Voting (“RPEV”) applications. The Board/Management would also allocate sufficient time for the shareholders to vote via the RPEV during the session.

Before proceeding with the Agenda, Dato’ Chairman invited the MD/GCEO to provide an overview of the Company’s performance for 2023, its achievements, strategy and prospects going forward as per **Appendix 2** attached.

The MD/GCEO thanked the shareholders for their participation and shared his presentation entitled ‘Business Review and Prospects’

- i) Report Card;
- ii) 2023 Financial Highlights;
- iii) Stride in Environmental, Social and Governance; and
- iv) Managing Prospects.

Following that, Dato’ Chairman thanked the MD/GCEO for the presentation and informed the meeting that any questions pertaining to the MD/GCEO’s presentation would be addressed during the Q&A session.

Dato’ Chairman proceeded with the following Agenda items:

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 AND THE REPORTS OF DIRECTORS AND AUDITORS

The Audited Financial Statements for the financial year ended 31 December 2023, together with the Reports of Directors and the Auditors (“AFS”) thereon having been circulated to all the shareholders of the Company within the statutory period, were tabled to the meeting for discussion.

It was noted that pursuant to Section 251(1)(a) of the Companies Act 2016 (“CA2016”), the AFS shall be approved by the Board, and as such, no formal approval of the shareholders for the AFS was required. Nevertheless, under Section 244(2)(a) of CA2016, the AFS shall be circulated to the members and laid before the Company at its Annual General Meeting (“AGM”).

In view of the above, Dato’ Chairman declared that the AFS for the financial year ended 31 December 2023, together with the reports of the Directors and the Auditors laid at this AGM in accordance with Section 340(1)(a) of the CA2016, be and hereby received.

2. ORDINARY RESOLUTION 1 – DECLARATION OF SINGLE-TIER FINAL DIVIDEND OF 1 SEN PER SHARE

Dato' Chairman proceeded to Ordinary Resolution 1 regarding the single-tier final dividend of 1 sen for the financial year ended 31 December 2023.

The single-tier final dividend, if approved, would be paid on 25 June 2024 to the members based on the Record of Depositors at the close of business on 4 June 2024.

Dato' Chairman informed the meeting that the motion to vote by poll would be conducted after the Q&A session, and henceforth, he proceeded with the next Agenda item.

3. ORDINARY RESOLUTION 2
- RE-ELECTION OF DIRECTOR – TUAN TS SAIPOLYAZAN BIN MAT YUSOP (“Ts Saipolyazan”)

The Meeting proceeded to Ordinary Resolution 2 to re-elect Ts Saipolyazan as Independent Director of the Company, who retired pursuant to Clause 78 of the Company's Constitution.

Dato' Chairman informed the Meeting that Ts Saipolyazan was subjected to retirement pursuant to Clause 78 of the Company's Constitution and, being eligible for re-election, has offered himself for re-election. Ts Saipolyazan was appointed to the Board on 22 March 2024, and the profile of Datuk Syed Izuan can be found on page 189 of the Company's Integrated Annual Report 2023 (“2023 IAR”).

Since voting would be conducted on a poll after the Q&A session, the Meeting proceeded with the next item on the agenda.

4. ORDINARY RESOLUTION 3
- RE-ELECTION OF DIRECTOR – YB DATO' SETIA HARIS BIN (“DATO' SETIA HARIS”)

The Meeting proceeded to Ordinary Resolution 3 to re-elect Dato' Setia Haris as Non-Independent Non-Executive Director of the Company, who retired pursuant to Clause 76(3) of the Company's Constitution.

Dato' Chairman handed over the meeting chair to the MD/GCEO in view that the above motion was related to his re-election.

The MD/GCEO informed the Meeting that Dato' Setia Haris was subjected to retirement pursuant to Clause 76(3) of the Company's Constitution and being eligible for re-election, has offered himself for re-election. Dato' Setia Haris was appointed to the Board on 6 December 2021. The profile of Dato' Setia Haris can be found on page 188 of the Company's 2023IAR.

The MD/GCEO handed over the meeting chair to Dato' Chairman as the voting would be conducted on a poll after the Q&A session, Dato' Chairman proceeded with the next item on the agenda.

Since voting would be conducted on a poll after the Q&A session, the Meeting proceeded with the next item on the agenda.

5. ORDINARY RESOLUTION 4

- RE-ELECTION OF DIRECTOR – MS SHARMILA SEKARAJASEKARAN (“MS SHARMILA”)

The Meeting proceeded with Ordinary Resolution 4 to re-elect Ms Sharmila as Independent Director of the Company, who retired pursuant to Clause 76(3) of the Company's Constitution.

Dato' Chairman informed the Meeting that Ms Sharmila was subjected to retirement pursuant to Clause 76(3) of the Company's Constitution and, being eligible for re-election, has offered herself for re-election. Ms Sharmila was appointed to the Board on 1 September 2021, and her profile can be found on page 193 of the Company's 2023IAR.

Since voting would be conducted on a poll after the Q&A session, the Meeting proceeded with the next item on the agenda.

6. ORDINARY RESOLUTION 5

- PAYMENT OF DIRECTORS' REMUNERATION UP TO AN AMOUNT OF RM1,798,700 IMMEDIATELY AFTER THE 47TH AGM UNTIL THE NEXT AGM OF THE COMPANY

Dato' Chairman proceeded to Ordinary Resolution 5 to consider the recommended payment of Directors' Remuneration to the Directors up to an amount of RM1,798,700 until the next AGM of the Company. Section 230(1) of CA2016 provides, amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

Dato' Chairman elaborated that the payment was in respect of the Directors' fees and benefits payable to the Non-Executive Directors of the Company and its subsidiaries for the period of about twelve (12) months from 27 May 2024 until the next AGM of the Company. Dato' Chairman referred to Explanatory Note 5 on page 441 of the Company's 2023IAR for more details on the Ordinary Resolution 5.

Since voting would be conducted on a poll after the Q&A session, Dato' Chairman proceeded with the next item on the agenda.

7. ORDINARY RESOLUTION 6

- PROPOSED RE-APPOINTMENT OF AUDITORS – MESSRS BDO PLT

Dato' Chairman proceeded to Ordinary Resolution 6 to consider the re-appointment of the retiring Auditors, Messrs BDO PLT, who have indicated their willingness to continue office as Auditors of the Company for the next financial year and to authorise the Directors to fix the Auditors' remuneration.

Dato' Chairman informed the Meeting that the Board recommended approval of the re-appointment of Messrs BDO PLT as the External Auditors of KPS Berhad for 2024 based on the Board Audit Committee's recommendation.

Since voting would be conducted on a poll after the Q&A session, Dato' Chairman proceeded with the next item on the agenda.

8. ORDINARY RESOLUTION 7

- PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

The Meeting proceeded to Ordinary Resolution 7 to obtain the Members' approval for the Proposed Renewal of Shareholders' Mandate for RRPT of a Revenue or Trading nature. The full text of this Ordinary Resolution 7 was set out in the Notice of Meeting.

Dato' Chairman declared that the full text of Ordinary Resolution 7 was taken as read.

Dato' Chairman highlighted that before putting the proposed Ordinary Resolution 7 to vote, those deemed interested in the proposal, including himself, as detailed in the Circular to Shareholders dated 23 April 2024, were reminded to abstain from voting on the same.

However, he informed the Meeting that he would vote in his capacity as a proxy in accordance with instructions received from non-interested shareholders who have appointed the Chairman of the Meeting as their proxy.

Besides that, Dato' Chairman informed the Meeting that the Ordinary Resolution 7, if passed, will authorise the Directors of the Company to complete and do all such acts, deeds and things to give effect to the aforesaid shareholders' mandate and transactions contemplated under this resolution.

Since voting will be conducted on a poll after the Q&A session, Dato' Chairman proceeded with the next item on the agenda.

9. ANY OTHER BUSINESS

Upon confirmation by the Company Secretary, Dato' Chairman informed the Meeting that the Company has not received notice to transact any other business in which due notice shall have been given in accordance with the Company's Constitution and the CA2016.

10. QUESTIONS AND ANSWER ("Q&A") SESSION

Dato' Chairman informed the Meeting that there were questions received from the MSWG, during the pre-AGM as well as via the query box. Dato' Chairman invited the MD/GCEO to brief the shareholders by reading out the questions submitted by the shareholders prior to the meeting as well as questions received via query box from the shareholders, corporate representatives, and proxies during the Meeting.

During the one (1) hour Q&A session, the MD/GCEO, DCEOFCS, DCEOSI and Dato' Ikmal Hijaz bin Hashim answered twenty-three (23) questions raised during pre and live AGM by the MSWG, shareholders, corporate representatives, and proxies. Details of which were attached as **Appendix 3**. The answers to the remaining questions will be posted on the Company's website at the earliest possible after the Meeting.

Dato' Chairman concluded the Q&A session and thanked the shareholders, corporate representatives, and proxies for the questions raised.

11. VOTING ON THE RESOLUTIONS AND DECLARATION OF POLL RESULTS

Dato' Chairman reiterated that polling at the 47th AGM would be conducted using remote electronic voting. Dato' Chairman adjourned the Meeting at 11.50 a.m. until the casting and verification of the votes were completed by the scrutineer.

Dato' Chairman informed the Meeting that in his capacity as a proxy of the shareholders, he would vote for all seven (7) resolutions in accordance with instructions received from the shareholders who had appointed himself to vote on their behalf.

The Meeting resumed at 12.10 p.m., and Dato' Chairman called the Meeting to order.

The Poll Administrator handed over a summary of the Poll Results to Dato' Chairman for declaration as follows:

| RESOLUTION | Vote FOR | | | Vote AGAINST | | | TOTAL Vote | |
|-----------------------|----------|-------------|---------|--------------|-----------|--------|------------|-------------|
| | NO. OF | | | NO. OF | | | NO. OF | |
| | RECORDS | SHARES | % | RECORDS | SHARES | % | RECORDS | SHARES |
| ORDINARY RESOLUTION 1 | 301 | 352,588,376 | 99.9781 | 44 | 77,321 | 0.0219 | 345 | 352,665,697 |
| ORDINARY RESOLUTION 2 | 284 | 351,674,150 | 99.7188 | 62 | 991,647 | 0.2812 | 346 | 352,665,797 |
| ORDINARY RESOLUTION 3 | 280 | 350,789,850 | 99.4681 | 66 | 1,875,947 | 0.5319 | 346 | 352,665,797 |
| ORDINARY RESOLUTION 4 | 282 | 351,674,183 | 99.7188 | 64 | 991,614 | 0.2812 | 346 | 352,665,797 |
| ORDINARY RESOLUTION 5 | 257 | 352,474,173 | 99.9457 | 87 | 191,471 | 0.0543 | 344 | 352,665,644 |
| ORDINARY RESOLUTION 6 | 294 | 352,584,201 | 99.9769 | 52 | 81,596 | 0.0231 | 346 | 352,665,797 |
| ORDINARY RESOLUTION 7 | 281 | 3,164,462 | 97.1382 | 61 | 93,228 | 2.8618 | 342 | 3,257,690 |

Ordinary Resolution 1:

- To approve a single tier final dividend of 1 sen per share in respect of the financial year ended 31 December 2023.

Based on the votes cast, Dato' Chairman declared that by majority votes of 99.98%, the following motion be and hereby duly carried:

"THAT a single tier final dividend of 1 sen per share in respect of the financial year ended 31 December 2023 be and hereby approved."

Ordinary Resolution 2:

- To re-elect Tuan Ts Saipolyazan bin Mat Yusop, who retires pursuant to Clause 78 of the Company's Constitution and who being eligible, offers himself for re-election.

Based on the votes cast, Dato' Chairman declared that by majority votes of 99.71%, the following motion be and hereby duly carried:

"THAT Tuan Ts Saipolyazan bin Mat Yusop who retires pursuant to Clause 78 of the Company's Constitution, be re-elected as Director of the Company."

Ordinary Resolution 3:

- To re-elect YB Dato' Setia Haris bin Kasim, who retires pursuant to Clause 76(3) of the Company's Constitution and who being eligible, offers himself for re-election.

Based on the votes cast, Dato' Chairman declared that by majority votes of 99.47%, the following motion be and hereby duly carried:

"THAT YB Dato' Setia Haris bin Kasim who retires pursuant to Clause 76(3) of the Company's Constitution, be re-elected as Director of the Company."

Ordinary Resolution 4:

- To re-elect Ms Sharmila Sekarajasekran, who retires pursuant to Clause 76(3) of the Company's Constitution and who being eligible, offers herself for re-election.

Based on the votes cast, Dato' Chairman declared that by majority votes of 99.72%, the following motion be and hereby duly carried:

"THAT Ms Sharmila Sekarajasekran, who retires pursuant to Clause 76(3) of the Company's Constitution, be re-elected as Director of the Company."

Ordinary Resolution 5:

- To approve the payment of Directors' remuneration to the Directors up to an amount of RM1,798,700 from 27 May 2024 (47th AGM) until the next AGM of the Company.

- Based on the votes cast, Dato' Chairman declared that by majority votes of 99.94%, the following motion be and hereby duly carried:

"THAT the payment of Directors' Remuneration to the Directors up to an amount of RM1,798,700 from for the period immediately after the 47th AGM until the next AGM of the Company be hereby approved".

Ordinary Resolution 6:

- To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Based on the votes cast, Dato' Chairman declared that by majority votes of 99.98%, the following motion be and hereby duly carried:

"THAT Messrs. BDO PLT be re-appointed as the Company's Auditors for the ensuing year AND THAT the Directors be authorised to fix their remuneration."

Ordinary Resolution 7:

- Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.

Based on the votes cast, Dato' Chairman declared that by majority votes of 97.13%, the following motion be and hereby duly carried:

"THAT subject always to the provisions of the Companies Act 2016 ("CA 2016") and pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), KPS Berhad Group be and is hereby authorised to enter into and give effect to the RRPT of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 20 April 2023 ("Related Parties") provided that such transactions and/or arrangements are:

- a) *recurrent transactions of a revenue or trading nature;*
 - b) *necessary for the day-to-day operations;*
 - c) *undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and*
 - d) *not detrimental to the minority shareholders of the Company,*
- (collectively known as "Proposed Shareholders' Mandate");*

AND THAT such approval shall continue to be in force until:

- a) *the conclusion of the next AGM of the Company following the AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at such AGM; or*
- b) *the expiration of the period within which the next AGM of the Company after that date is required to be held under Section 340(2) of the CA 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or*
- c) *revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting*

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things to give effect to the aforesaid Proposed Shareholders' Mandate and transactions contemplated under this resolution."

12. CLOSURE

Dato' Chairman thanked everyone present at the AGM and declared the 47th AGM of KPS Berhad as concluded at 12.20 p.m.

CONFIRMED AS A CORRECT RECORD



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CHAIRMAN

Dated: 5 July 2024



47th Annual General Meeting

BUSINESS REVIEW & PROSPECTS

Monday | 27 May 2024

Ahmad Fariz Hassan
Managing Director / Group CEO



01

2023 Report Card

We Remained Steadfast on Value Creation

Strengthened Business Fundamentals

| KEY PERFORMANCE INDICATORS | ACHIEVEMENTS | NEW PROJECTS/CONTRACTS |
|---|--------------|--|
| TOYOPLAS New customers/projects | 6 |   <p>Subassembly for vacuum cleaner accessories and kits. Plastic parts for solar junction boxes, WiFi routers and security cameras.</p> |
| CPI New customers/projects | 6 |   <p>Security camera, noise sensor board, printer, charger, wiper clip, smart gas meter.</p> |
| CBB 1. New customers/projects 2. New models from existing customers 3. New models from Healthcare/FMCG Industry | 2 7 3 |   <p>Cement bags, cartons, rigid boxes, and packaging for fashion, food & beverages.</p> |
| KING KOIL 1. New customers/projects 2. New licensee/ market/renewal with higher royalties | 3 2 |   <p>Secured new relationships with high-profile retailers while renewing licensing agreements at better terms and onboarding a new business territory</p> |
| MDS Advance 1. Completion of MDS acquisition | January 2023 |   <p>High-precision Computer Numerical Control ("CNC") metal machining parts for the aerospace industry and mechanical assembly.</p> |
| AQUA-FLO 1. New contracts from customers | 18 |   <p>Secured 17 supply and delivery agreements for water treatment chemicals and one contract for the supply of water meters.</p> |

Key Corporate Events

Strengthened Strategic Focus & Position



**Acquired
MDS Advance**



**Expanded
Capacity to Meet
Future Demand**



**Restructured
Operations**



we invest in better

**Revamped
Vision and
Mission**



- Achieved first-year profit guarantee of RM8.0 million in 2023



- New EMS facility
- Expanded ETP warehouse and production space
- Installing solar panels

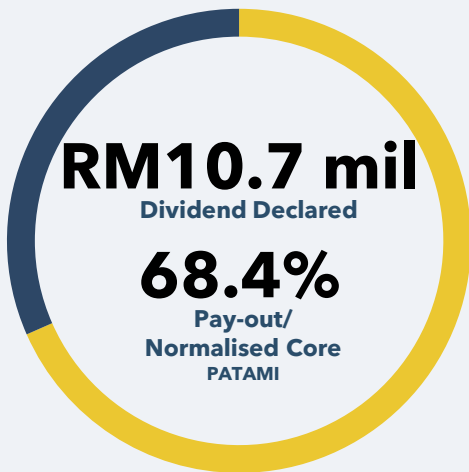


- Streamlining China's operations
- Rightsizing the Indonesia plant



Delivered Financial Commitment to Shareholders

A Total of 2.0 sen Dividend Declared for FY2023



1.0 sen per ordinary share

Interim Dividend

RM5,373,854 payout

Paid on 29 December 2023

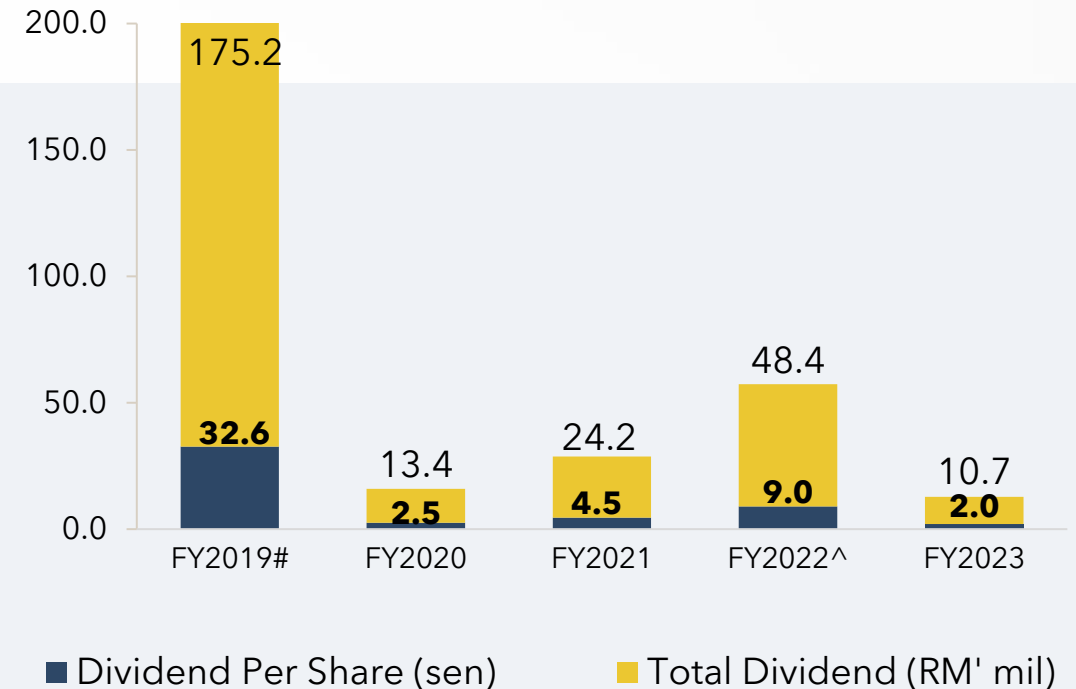
1.0 sen per ordinary share

Final Dividend

RM5,373,854 payout

To be paid on 25 June 2024, subject to the shareholders' approval at the 47th AGM

Sustainable Dividends Over the Years



Notes:

Special dividend from SPLASH divestment

^ Special dividend from SPRINT divestment

Dividend Policy

≥ 30.0% of the Group's Normalised Core PATAMI

Awards & Recognition

Embracing Culture of Excellence

2023

Bronze Category in the Integrity, Governance and Anti-Corruption Award ("AIGA") 2023

Gold NACRA 2023 National Annual Corporate Report

Best Employer Brand Awards 2023

The Edge Centurion Club Awards for 2023

Sustainability & CSR Malaysia Awards 2023

ACCA Approved Employer Awards 2023 for both Professional Development and Trainee Development (Platinum)

Previous years

Sustainability & CSR Malaysia Awards 2022: Overall Excellence in Community Upliftment Initiatives

Platinum NACRA 2021 Excellence Awards

MSWG-ASEAN Corporate Governance Awards 2020: Excellence Award for CG Disclosure & Industry Excellence Award

Silver NACRA 2022 Excellence Awards

Sustainability & CSR Malaysia Awards 2021: Leadership in Sustainable Environment & Social Initiatives

Sustainability & CSR Malaysia Awards 2020: Overall Excellence in Education, Entrepreneurship & Community Development

Sustainability & CSR Malaysia Awards 2022: Long-Standing Excellence in Sustainability

Silver NACRA 2020 Excellence Awards

CSR Malaysia Awards 2019



02

2023 Financial Highlights

Challenges in the Operating Environment

Impeded Revenue Growth & Bottom Line

Concern on Inflation



- Global central bank continue to tighten Monetary Policy and keep interest rate higher for longer
- Geopolitical conflicts
- Malaysia OPR increased by 0.25% to 3.0% from January to December 2023

Weaker Consumer Sentiment



- Heightened consumer anxiety
- Consumers are re-evaluating their discretionary purchases, and cutting down nonessential spending

Lower Demand for Manufactured Goods



- Lower demand for products
- Built-up inventory level
- Slowing orders from certain customers due to softening market demand

Escalated Input Costs



- Raw materials cost, transportation, and other expenses remain at an elevated level
- Rise in utility tariffs, labour costs and finance costs

Lower Revenue & PAT

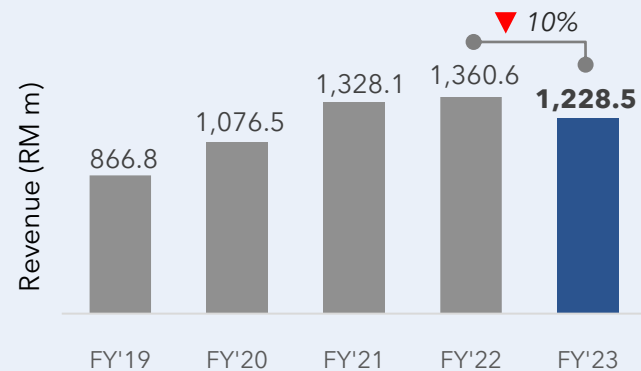


- Revenue lowered by 9.7% from RM1,360.6 million to RM1,228.5 million
- Normalised core PAT margin reduced from 3.5% to 1.9%

Weak Consumer Demands Stifled Revenue Growth

Bottom Line Affected by Absence of Share of Gain on Disposal of SPRINT and Operational Challenges

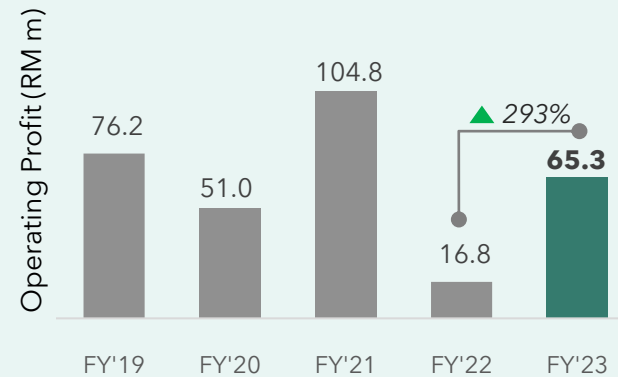
Revenue



FY'23 vs FY'22

- Declined due to weaker demand. Global economic slowdown persisted through 2023, characterised by weak consumer sentiment and laden with inflation concern
- Departure of key customers and absence of one-off payment from the licensing sector

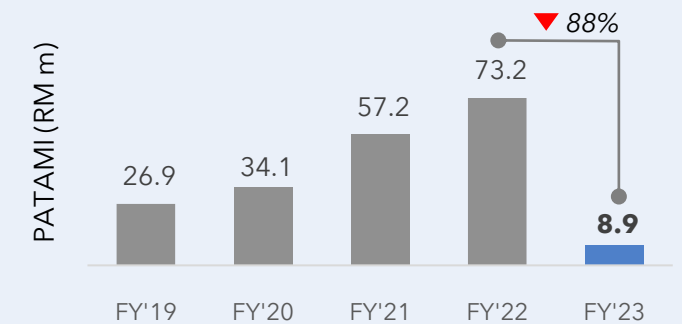
Operating Profit



FY'23 vs FY'22

- Increased mainly due to the absence of impairments on the investments on NGC Energy Sdn Bhd and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings"), amounting to RM67.3 million and RM1.5 million, respectively

Profit Attributable to Owners of the Parent








FY'23 vs FY'22

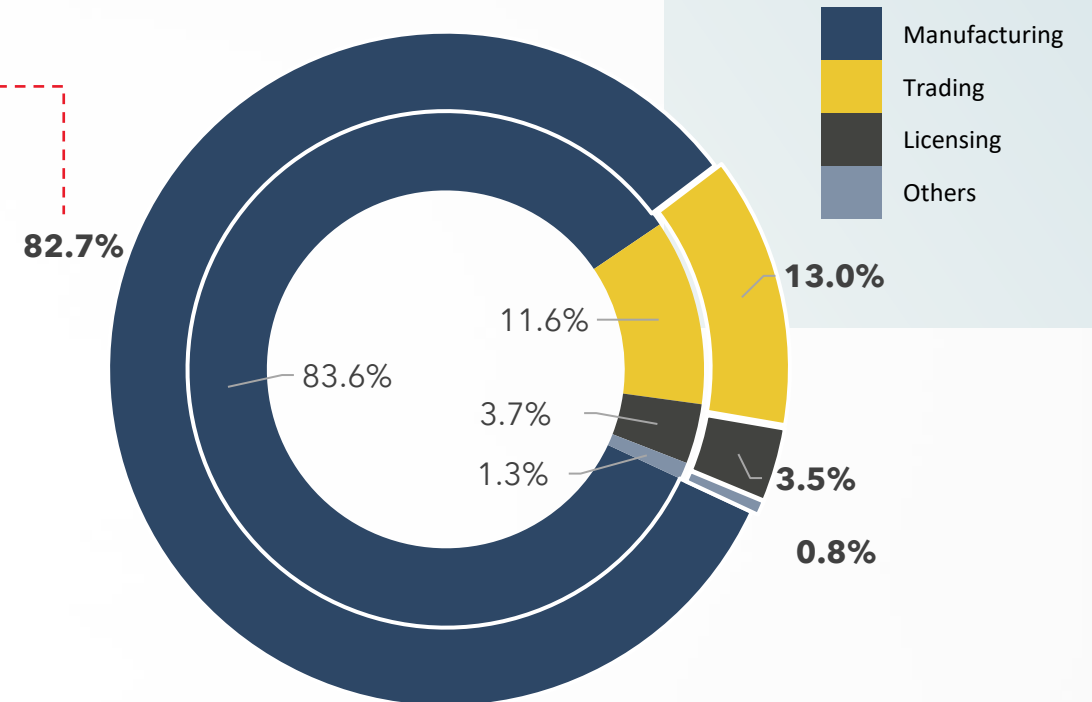
- Reduced mainly due to absence of one-off share of gain on disposal of SPRINT amounting to RM128.7 million, higher finance costs and heightened input costs

Manufacturing Momentum Dip, Contributing 83% to Revenue

Revenue Impacted by Weak Customer Demand

| Sector | FY2023 | FY2022 | Variance |
|---|----------------|---------|----------|
|  Manufacturing | 1,016.4 | 1,137.2 | ▼ 10.6% |
|  Trading | 160.1 | 158.3 | ▲ 1.1% |
|  Licensing | 43.5 | 50.9 | ▼ 14.5% |
|  Infrastructure | 0.3 | 5.2 | ▼ 94.2% |
|  Property Inv. | 8.2 | 9.0 | ▼ 8.9% |
| TOTAL (RM million) | 1,228.5 | 1,360.6 | ▼ 9.7% |

**FY2023
REVENUE BREAKDOWN BY SECTOR**





03

Stride in ESG

Strengthened Sustainability Practices

Further Supported the Competitiveness & Resilience of the Group's Business



Sustainability
Performance

**Conducted Double
Materiality
Assessment**

**Inaugural of TCFD
Framework**

Climate
Change



Carbon
Footprint

**Enhanced Carbon
Accounting for All
Malaysia
Manufacturing
Plants**

**Fostered
Volunteerism
Among Employees**

Volunteerism



Social
Investment

**Expanded SROI
Application to Five
Social Investment
Initiatives**



Extending Impact Through Community Development

Assisted 100,000 Beneficiaries with More Than 1,000 Volunteerism Hours



Educational Development

- 21,000 Rural Students
- Developed talents and skills in STEM education



Entrepreneurial Development

- 65 Entrepreneurs
- Enabled opportunities in the aged care and poultry supply businesses



Community Development

- 80,000 stakeholders
- Enhanced social progress and development in the community



Environment, Safety & Health

- 1,000 beneficiaries
- Instilled safety and health awareness amongst community members.

**SROI:
1.53 times**



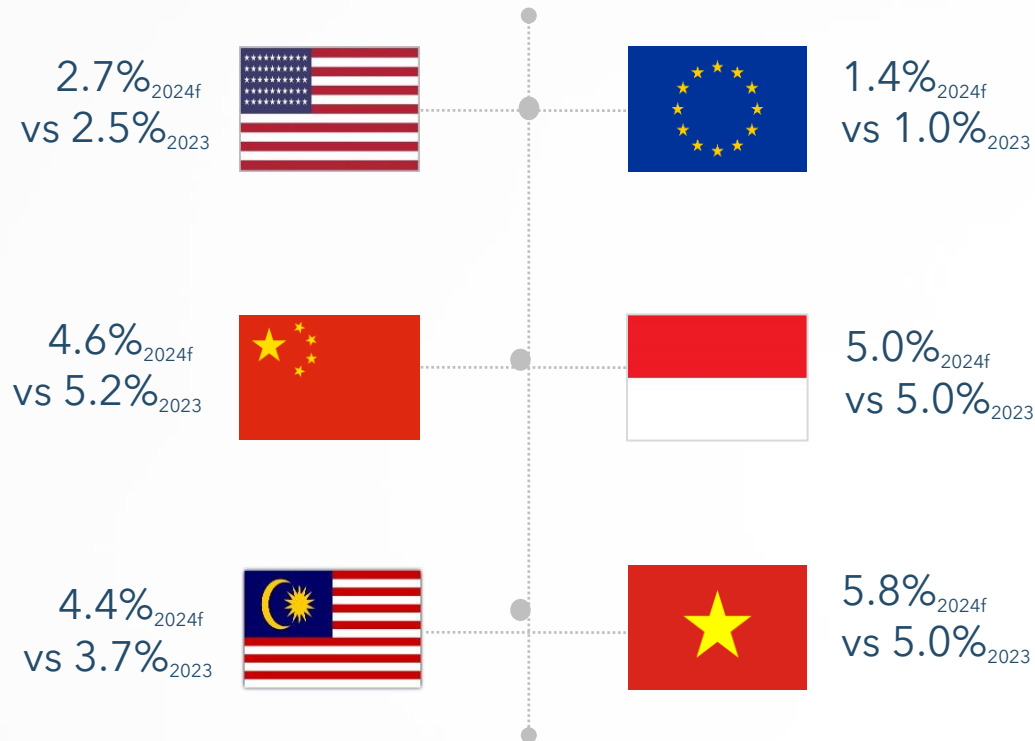
04

Managing Prospects

Geopolitical Risks Pose Pressure on Recovery

Affecting Aspects of Strategic Planning & Operations

GDP Growth within our Value Chain:



Source: World Economic Outlook - International Monetary Fund as at April 2024

Potential Impact of Geopolitical Risks

01

Supply Chain

1. Raw Material Access
2. Logistics

02

Regulatory

1. Policy Shifts
2. Export Controls

03

Strategic

1. Investment
Uncertainty
2. Market Access

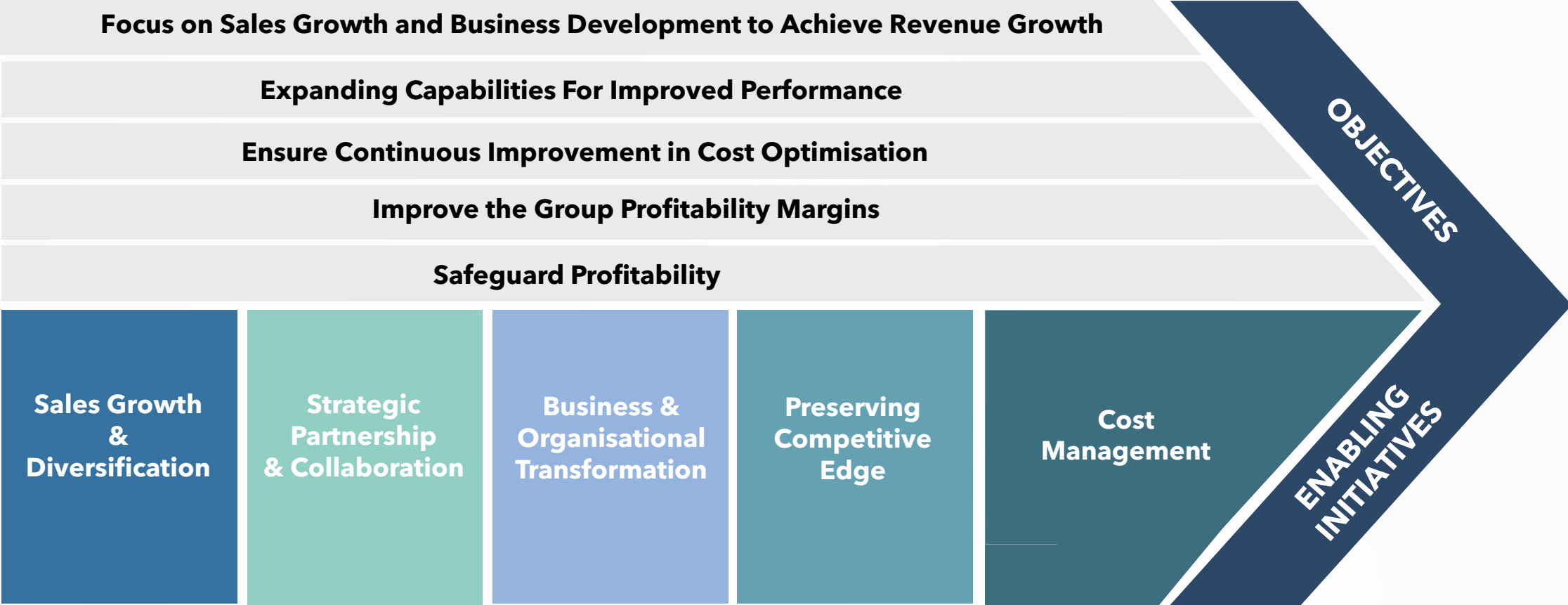
04

Operational

1. Labour Market
2. Operational
Interruptions

FY2024 Group Initiatives

Strategies in Placed to Foster Sustainable Growth



Thank You

Investor Relations, Sustainability & Communications

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KUMPULAN PERANGSANG SELANGOR BERHAD

(Registration No. 197501002218 / 23737-K)

(Incorporated in Malaysia)



APPENDIX 3 OF THE MINUTES OF 47TH ANNUAL GENERAL MEETING (“AGM”) OF KUMPULAN PERANGSANG SELANGOR BERHAD (“KPS BERHAD” OR “THE COMPANY”) HELD VIRTUALLY AT KPS BERHAD CORPORATE OFFICE, 17TH FLOOR, PLAZA PERANGSANG, PERSIARAN PERBANDARAN, 40000 SHAH ALAM, SELANGOR DARUL EHSAN AND VIA THE BOARDROOM SMART INVESTOR PORTAL AT <https://investor.boardroomlimited.com> ON MONDAY, 27 MAY 2024 AT 10.00 A.M.

THE QUESTIONS WERE READ OUT AND JOINTLY ANSWERED BY THE MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER (“MD/GCEO”) DEPUTY CHIEF EXECUTIVE OFFICER (FINANCE & CORPORATE SERVICES) AND DEPUTY CHIEF EXECUTIVE OFFICER (STRATEGY & INVESTMENTS) AND SENIOR INDEPENDENT DIRECTOR DURING THE 47TH AGM LIVE BROADCAST WHICH WAS RECEIVED FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”), SHAREHOLDERS/PROXIES OF KPS BERHAD PRIOR TO THE AGM AND DURING THE LIVE AGM MEETING TOGETHER WITH THE RELEVANT MANAGEMENT’S RESPONSES THEREOF:

Pre-AGM Questions -From MSWG

- 1) **Toxoplas Manufacturing (Malaysia) Sdn Bhd (“TMM”) remained the largest contributor (38.6%) to the Manufacturing sector’s revenue, amounting to RM392.1 million in the Financial Year Ended (“FYE”)2023. Nonetheless, the revenue was 25.6% lower year-on-year (pages 94-97 of Integrated Annual Report (“2023IAR”).**
 - a) **What is TMM’s net profit margin by business segment in FYE2023? Does the net profit margin of the most profitable business segment expected to be squeezing or expanding in FYE2024? Please share the outlook of each business segment in FYE2024.**

Also, what other industry comprises of? Will the negative growth business segments continue to diminish or revitalise in FYE2024?

| Toyoplas Revenue Breakdown | | | |
|----------------------------|--------------|---------------|------------|
| Business Segments | RM'mil | Contribution | YoY Growth |
| Consumer Electronics | 220.4 | 56.2% | 35.6% |
| Multimedia | 134.5 | 34.3% | -42.4% |
| Other Industry | 19.1 | 4.9% | 127.4% |
| Automotive | 13.1 | 3.3% | -28.0% |
| Industrial Tools | 5.0 | 1.3% | -95.2% |
| Total | 392.1 | 100.0% | |

The segmental performance of TMM and its subsidiaries (“TMM Group”) is monitored by operating country as separate business units for the purpose of decision making on resource allocation and performance appraisal. In FYE2023, the normalised net profit margin of Malaysia and China was 4%. Vietnam and Indonesia were not profitable in FYE2023 considering the sales level.

Production for consumer electronics and multimedia (collectively referred as core business henceforth) are made out of several countries. The same is with other industry, which in FYE2023 includes a small portion from renewable energy but to

a larger extent comprise of smaller contract manufacturers which serve various end-use industries and may overlap the ones in the core business.

For FYE2024, we are targeting a higher net profit margin for all countries as TMM Group will reap benefits from cost management efforts undertaken in FYE2023. Please refer to pages 94-97 for further details on this. On the business development end, the team has achieved great strides in securing new customers which are set to contribute positively to FYE2024 and improve our economies of scale from an operating margins perspective.

- b) In FYE2022, TMM saw the departure of a major Indonesia-based assembly customer (page 91 of 2023IAR). What is the primary reason for the departure of the major customer? Are these the cause of the substantial dropped in the growth rate of Indonesia? Which business segment in TMM is impacted by the departure of this customer? Any significant development in the automotive initiatives that could revive the sales from this country?**

| Toyoplas Revenue Breakdown | | | |
|----------------------------|--------------|---------------|------------|
| Countries | RM'mil | Contribution | YoY Growth |
| Malaysia | 186.6 | 47.6% | 19.4% |
| China | 150.7 | 38.4% | -28.9% |
| Indonesia | 37.2 | 9.5% | -74.8% |
| Vietnam | 17.6 | 4.5% | 63.0% |
| Total | 392.1 | 100.0% | |

The former customer which contributed to our industrial tools segment has in-house manufacturing capabilities. The assembly that TMM Group undertook supplemented their production capacity. In light of market trends, they decided to consolidate production in-house. TMM Group's operations in Indonesia served them for approximately 5 years. The team continue to have a cordial relationship with them for potential business in future.

This year, the Indonesia operations is expected to commence production for a new automotive brand. In strategic sense, we believe our operations there is well positioned to capitalise on the burgeoning local automotive industry, particularly with the heightened emphasis on electric vehicles. However, given the nature of the automotive manufacturing industry, the lead time of obtaining a new project or customer by TMM Group may take years.

Nonetheless, the growth potential of TMM Group in Indonesia is not limited to the automotive industry. The booming demand domestically have gained interest by companies to have a local production base there. As an established manufacturer in Indonesia, TMM Group managed to court several new customers this year to fulfil their needs in this respect.

- c) The second half of 2023 ("H2'23") saw improvements in production orders from customers and increased plant utilisation where TMM' Malaysian operations ramped up the production for three newly secured projects (page 97 of 2023IAR). What are the three newly secured projects and how much is the accrued revenue of each project? Will these projects contribute significantly to TMM' total sales in FYE2024? If not, by when?**

The new projects secured in FYE2023 comprise of solar junction box, vacuum cleaner accessories and WiFi routers for telecommunication companies. These projects generated approximately RM10 million revenue for TMM Group in FYE2023 and have or will continue to generate revenue in FYE2024 based on current production and delivery schedule.

- d) At the Company's 46th AGM, the Board/Management stated that the utilisation rate of the Vietnam factory for the first quarter of 2023 (Q1'23) was 10% due to the ongoing customer audit. However, the Group anticipate a gradual increase in the utilisation rate as the audit progresses.**

- i) What is the current capacity of the Vietnam factory and its utilisation rate in FYE2023? Has the Group set a targeted utilisation rate for the factory in FYE2024? If so, by how much?**

The overall utilisation rate of the new factory in Vietnam was 14% in FYE2023 on the back of a bigger capacity and an increase in production volume in the later quarters from Q1'23. As of end-2023, the capacity of the Vietnam factory increased by over 40% compared to the end-2022, with more machines transferred from our operations in China throughout the year.

By end-2024, there will be a further increase in capacity, by at least 50% more. Considering the much larger capacity and anticipated increase in production level, the utilisation rate by then is targeted to reach up to 40%.

- ii) What is the current sales contribution of this Vietnam factory to TMM's sales in FYE2023? Has it exceeded the expectation of at least 10% contribution to TMM's sales in FYE2023? If not, what is the primary reason for the underperformed?**

Sales generated in Vietnam grew by 63% in FYE2023 compared to FYE2022, and it contributed to 4% of TMM Group's sales in FYE2023. The growth was in line with TMM Group's internal production allocation and transfer plans as well as macroeconomic conditions which caused a generally weak consumer demand that affected order volumes by our customers to TMM Group, not only to Vietnam.

- iii) At the Company's 46th AGM, the Board/Management stated that the cost of doing business in Vietnam is lower than in their operations in Dongguan and Shanghai. Please specify how much lower it is and how it has contributed to the profit margin of TMM.**

Since the manufacturing process of TMM Group is semi-automated, there is still a significant reliance on manual labour. Hence, labour cost is one of the major costs to the operations. The prevailing minimum wage in the respective

jurisdiction as tabulated below illustrates the difference in operating costs between the locations.

| Location | Minimum monthly wage (RM) | Difference compared to Vietnam (%) |
|----------|---------------------------|------------------------------------|
| Vietnam | 838 | - |
| Dongguan | 1,235 | 147% |
| Shanghai | 1,749 | 209% |

Other than labour cost, electricity cost and shipping costs are also lower in Vietnam. The impact of these savings has yet to translate significantly to the profit margin of TMM Group in FYE2023 considering the low sales contribution by Vietnam compared to China during the year and the ongoing consolidation of operations in China.

Nonetheless, based on YTD results, there has been a marked improvement in Vietnam's profit margin with the benefit of economies of scale. With more incoming projects from existing customers following the closure of Shanghai, operations in Vietnam will benefit from incremental margin improvements in the near term and contribute to improvement in TMM Group's profit margin more substantially.

- iv) Has the operation in Vietnam secured new customers? If yes, how much is the value of the contract secured? Also, when is the anticipated timeline for the Vietnam factory to contribute as much as the old factories in China?**

The focus in Vietnam especially in 2023, has been to stabilise operations so that TMM Group would continue delivering quality products to our customers, backed by an efficient manufacturing process. Operations in Vietnam has recently improved to reach the level of TMM Group's more established factories. Since then, the team has more proactively promoted Vietnam to potential customers and has started to garner market interest.

Vietnam is on track to achieve the sales level of TMM Group's previous operations in China in the span of 3 to 5 years considering the sales growth it has achieved and the internal project allocation plan. During that period, we also believe TMM Group would be able to secure new customers from Vietnam specifically, benefitting from the tremendous opportunity that the country holds as one of the favoured global outsourced manufacturing hub.

- e) TMM, with ISO13485 certification, collaborates with a European customer on healthcare projects slated for FYE2024. TMM plans to invest in a controlled/clean room facility, signaling its commitment to the sector and positioning itself for future healthcare projects (page 99 of 2023IAR).**
- i) How was the progress of the project in Q1'23? Has it been on track? What was the total investment in this new clean room facility (etc land, construction, and equipment)?**

The planned clean room investment has yet to be executed. By the end of FYE2024, some spending may be made to renovate an area within the

existing factory in Malaysia to turn it into a controlled/ clean room area. This will not involve the expansion of the existing production floor space or additional production equipment of TMM Group.

Considering the high estimated cost, our tactical approach is to make the investment once we have gained more traction with the new healthcare leads in our sales pipeline, for a worthy return on investment.

ii) When does TMM anticipate generating revenue and earnings for the Group from this healthcare segment initiative?

TMM Group has actively engaged with several potential new healthcare customers. Some of these engagements have shown promising progress and are likely to generate sales by the end of the year.

However, the revenue to be generated in FYE2024 may not be substantial for us to share at this juncture. Nevertheless, we are confident that healthcare revenue in TMM Group has the potential to grow in coming years as we gradually bolster TMM Group's offering to the market with more expertise, facilities and track record.

Similar to the automotive manufacturing industry, the customer conversion lead time tends to also be lengthy for healthcare. TMM Group's limited experience in healthcare provides another hurdle. Nonetheless, we are committed to further TMM Group's planned expansion and diversification into the healthcare industry. Being part of KPS Group, TMM Group can leverage on the expertise of our other subsidiaries with more exposure to healthcare, particularly CPI and MDS, to cross-pollinate ideas and improve its offering to the market.

2) Century Bond Bhd ("CBB") posted a 6.6% year-on-year revenue growth for FYE2023, driven by higher sales prices. Anticipating a surge in cement demand due to Indonesia's new capital, Nusantara, CBB aims to benefit from increased demand for cement bags, leveraging its established presence in the country (page 112 of 2023IAR).

What is the market share of CBB's cement bags in Indonesia? Are there any recent developments or partnerships indicating CBB's potential involvement in Nusantara's infrastructure development project, and could these strengthen their position as a potential participant in the project?

CBB via its local entity in Medan only commands less than 4% of the total cement bags market share in Indonesia. Despite the minute stake, there has been continuous revenue growth with from RM15 million in 2019 to RM24 million in 2023. The increase is in-line with the overall cement market growth in Indonesia and mainly attributed from the onboarding of new customers throughout the years.

To-date, CBB has yet to secure any tenders/orders specifically for projects related to the Nusantara's infrastructure development initiative which will be inaugurated in August 2024. The multiphase development which will run up to year 2029 solidifies further potential growth for CBB in Indonesia as we increase efforts to capitalize on the opportunities moving forward.

3) CPI (Penang) Sdn Bhd ("CPI") revenue in FYE2023 stood at RM206.0 million, primarily supported by the Engineering Thermoplastics ("ETP") division (page 103 of 2023IAR).

- a) Please share the profit margin of CPI to the Group. Additionally, please specify which division, ETP or EMS, contributes more profitability to CPI? Kindly provide the breakdown of the profit margin by CPI's business segments as well.**

CPI's PAT margin for FY2023 was 11.9% with ETP contributing 21.6% before taxes. EMS was loss-making in FY2023 driven by higher expenses in a weakened demand environment. The cost increases included:

- i) occupancy costs related to the new plant,
- ii) electricity costs from the ICPT rate increase,
- iii) labour costs from full year impact of higher minimum wage, and
- iv) interest rates on the term loan for the acquisition of the EMS plant.

- b) CPI's ETP and EMS facilities are scheduled to be retrofitted with solar panels by H1'2024. Please provide an update on the current progress of the installation. What is the anticipated annual cost savings from this installation? What impact will the commissioning of the solar panels have on CPI's profitability?**

Installation for both plants was completed in 1Q2024, and commissioning is currently pending approvals from Suruhanjaya Tenaga and Tenaga Nasional Berhad.

Based on historical electricity consumption level, CPI is estimated to save an average of RM1.8million annually. This will improve CPI's profit margins and stability in the event of further subsidy reduction in the future.

4) MDS Advance Sdn Bhd ("MDS") is the smallest contributor (3%) to the Group's manufacturing segment with RM22.0 million of total sales (page 106 of 2023IAR).

- a) What are the targeted total sales from MDS in FYE2024? Please provide the profit margin of each business segment of MDS.**

In FYE2024, MDS is targeting sales of RM27 million, with a significant contribution expected from the medical segment, further bolstered by the semiconductor and other industries. The targeted profit margin for these segments ranges from 30% to 45%.

- b) MDS also secure two new customers from the aerospace industry and mechanical assembly (page 108 of 2023IAR). Briefly describe the projects and contracts value secured from these two new customers.**

The 2 new customers secured are not contract in nature but are on Purchase Order (PO) basis. MDS is trusted to supply parts for their Jigs & Fixtures for the Aerospace customer, while for the mechanical assembly customer, MDS supplies tools and parts for the assembly line process. These two are expected to generate sales close to RM250,000 per year to begin with, and are expected to increase according to demand over time.

- 5) **In FYE2023, Aqua-Flo Sdn bhd (“AFSB”), primarily reliant on sales of water chemicals and water meters, contributed RM160.1 million or 13% to the Group’s revenue. Following this, in February 2024, Air Selangor awarded AFSB a new contract for the supply of water meters, effective from March 1, 2024, to February 28, 2027 (page 121 of 2023IAR).**

How much is the contract value of this newly issued contract with Air Selangor? How will it improve the profitability of AFSB?

The estimated contract sum for the new contract is RM18,432,480 for the supply of water meters from 1 March 2024 to 28 February 2027.

As of 30 April 2024, AFSB has recorded sales amounting to RM5,478,991. Air Selangor issued new orders to be delivered from May to August 2024. Air Selangor is expected to fully utilise the contract sum awarded to AFSB by the end of 2024.

The orders from Air Selangor are expected to exceed AFSB’s budget revenue for the water meter segment. As such, this will further improve AFSB’s profitability for 2024.

- 6) **The infrastructure sector comprises Smartpipe Technology Sdn Bhd (“SPT”) and KPS-HCM Sdn Bhd (“KPS-HCM”). However, the RM0.3 million revenue from this sector only came from SPT. KPS-HCM did not record any revenue as no new project was undertaken in FYE2023 (page 125 of 2023IAR).**

What is the current market share of SPT in the state of Selangor? Have there been any newly secured projects or tenders for the infrastructure sector in 1Q’2024?

We do not have any visibility from a market share standpoint as it was never a benchmark for SPT to begin with. From inception, SPT has positioned itself in the market as a water distribution pipe rehabilitation specialist providing alternative to the conventional pipe replacement method which is labour intensive and a highly saturated market.

There were no newly secured projects in 1Q2024 under the infrastructure segment which is in-line with the strategic decision made at KPS Berhad group level to slowly shy away from the segment and focus its efforts on the growth of its manufacturing business. Throughout this process, we shall still consider undertaking viable infrastructure projects, however, will have to be highly strategic and opportunistic in nature.

- 7) **The Group's investment in NGC Energy (“NGC”) was RM28.0 million in FYE2023. Accumulated impairment loss totalled RM61.2 million, with RM6.1 million reversed due to improved performance (page 288 of 2023IAR).**

a) **How the impairment loss was initially determined, and what factors led to the decision to reverse a portion of it?**

The impairment of RM67.3 million in 2022 and reversal of RM6.1 million in 2023 were based on the present value of the discounted 5-year projected operating cash flow of NGC.

Based on the 2023 present value of the discounted cash flow of NGC, the recoverable amount of investment in NGC of RM28.0 million is higher than the carrying amount of RM21.9 million. Hence, the reversal of RM RM6.1 million was made.

b) Do the Group anticipate NGC's performance continuing to improve in the future, and if so, what factors do the Group believe will drive this improvement?

There are new dynamics in the supply with additional supply from Westport that will change the market landscape and competition.

NGC's plan is to grow its Central Region market share from about 17% to 30 % in the next few years.

The Central Region has been giving the higher margin to the Domestic segment as compared to the Northern, Southern and Eastern Region.

8) The amounts of inventories written back and inventories written down recognised in the statements of profit or loss are as follows:

| | Group | |
|------------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Recognised in cost of sales | | |
| Inventories written back | (809) | (1,075) |
| Inventories written down | <u>11,110</u> | <u>3,755</u> |
| | <u>10,301</u> | <u>2,680</u> |

a) What comprise these inventories and what factors had triggered the need to write down the value of inventories?

The inventories written down were from CBB Group of RM7.2 million and TMM Group of RM3.9 million.

Inventories written down at CBB Group arose from the under-recognition of raw material consumption during the financial year.

Inventories written down at TMM Group were from subsidiaries in Vietnam and Indonesia. It was mostly arising from inventories aged more than 180 days.

b) Are further write-down on inventories expected in the forthcoming year?

Based on the quarterly assessment made by Management, there are no significant expected inventories written down at this juncture.

- 9) Sustainability-related Key Performance Indicators ("KPI") were assigned to all levels of employees, including the Senior Management, notably the Group MD/GCEO (page 53 of 2023 Sustainability Report) ("2023SR").**

What are the MD/CEO's ESG KPIs for 2024?

The ESG KPIs set for the MD/Group CEO is part of the Group's continuous effort in embedding sustainability into its corporate and business strategies, driving long-term value creation for both business and society for a shared prosperity. In the 2024, the KPIs are as follows:

- a) Establish a double materiality matrix for the Group, in addressing the dual perspective of ESG issues and impact;
- b) Roll out a continuation of a group-wide capacity building in other key ESG topics within the social aspects, such as the supply chain; and
- c) Identify specific climate risks and opportunities for all subsidiaries as per the IFRS requirement; and
- d) Firm up the boundary of the existing Scope 1 and Scope 2 emissions at subsidiaries further, to include operations in Indonesia, Vietnam, and China.

- 10) The current Board composition lacks diversity, having only two female Directors, constituting a mere 25% of the entirety. This falls short of the suggested 30% benchmark in Practice 5.9 of the Malaysian Code of Corporate Governance (MCCG), which underscores the significance of substantial women representation (page 42 of Corporate Governance Report 2023 ("CG Report 2023").**

Considering the current Board's limited diversity, are efforts underway to identify fitting female candidates for an impending Director role? If so, when is the expected timeline for achieving this objective?

The Board believes that a diverse Board composition is vital for maintaining a competitive edge and ensuring balanced and effective decision-making. To support this, the Company established the Board Diversity Policy ("BD Policy") in April 2015, which was subsequently updated in 2019 and 2022. The BD Policy seeks to promote diversity within the boardroom, including diversity in skills and competencies, experience and background, age, gender, ethnicity, and nationality.

To prevent mismatches and ineffective appointments of female Directors, the Company does not specify a target for female Directors in the BD Policy. Presently, the Board composition and all Board appointments are based on merit and aim to address gaps in the Company's Board Skill Matrix (BSM) rather than meeting gender quotas. This approach ensures a balanced Board composition that aligns with the Company's objectives and strategic goals.

To uphold its gender diversity commitments, 40% of the Company's Independent Non-Executive Directors (INED) are women (specifically, Puan Norliza binti Kamaruddin and Ms. Sharmila Sekarajasekaran). They make up 25% of the Company's Board composition and comply with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which mandates having at least one (1) female Director on the Board.

Aligned with the Company's Board Succession Planning and acknowledging that two (2) Board members, Dato' Ikmal Hijaz bin Hashim and Puan Norliza, will retire in 2027 (reaching the 9-year independent director tenure limit), the Company will prioritise finding qualified and competent female candidates for any future Board vacancies to meet the goal of having 30% female Directors on the Board.

Pre-AGM Questions -From Other Shareholders/Proxies

- 1) **On page 50 of your Integrated Report, it was reported that historically, the return on equity ranged between 0.8% and 6.9%. Return on capital employed between 4.2% and 8.2%. Your debt-to-equity ratios have been relatively low, between 0.4x and 0.7x. As an investor, I observe that the cost of equity ranged between 8% and 10%, possible. Let's say 8%. Cost of debt, maybe 4%.**

Based on the published info, your average cost of capital maybe around 8% or slightly below.

To ensure sustainable value creation going forward, what are you plans to address the historical gap between the cost of capital and the profitability ratios?

For your information, internally and during the last EGM and the previous year's AGM, we have consistently emphasised that total shareholder return ("TSR") and return on equity ("ROE") are at the forefront of our strategic and operational decision-making. We aim to achieve high single-digit or double-digit ROE within the next five years and maximise our TSR based on our capital structure. To better understand this, let's provide some context. In 2016, when we first launched BTP, we had only one profitable subsidiary, but we already possessed shareholder equity of RM1.2 billion, resulting in an ROE of just 0.8 per cent.

Two key factors came into play as we pivoted and began acquiring new manufacturing companies. First, the new companies contributed to our profits, enhancing our ROE. Second, we increased our debt, which reduced our Weighted Average Cost of Capital ("WACC"). However, this strategy involves acquiring companies through productive debt, ensuring that these acquisitions are profitable and contribute positively to our ROE despite the increased debt levels.

There is an argument that simply adding more debt could reduce our WACC. Still, we must balance this with our ability to pay dividends, as financial obligations take precedence over dividend distribution. Paying dividends is crucial not only for rewarding shareholders but also for improving our ROE, as it decreases shareholder equity.

The relationship between ROE, ROCE, and WACC is akin to balancing a three-legged stool, where making profitable investments, maintaining productive debt, and paying dividends are all essential. Neglecting any one aspect can destabilise the entire structure.

In summary, to achieve our ROE targets of high single-digit or double-digit within five years, we must focus on acquiring profitable companies, maintaining productive debt, and ensuring regular dividend payments. This balanced approach will drive our success.

- 2) On page 35 of the Sustainability Report, the Chief Sustainability Officer reports the ESG progress in 2023. Congratulations on the achievements. More interestingly, the CSO mentions the importance of managing ESG risks and opportunities for business resilience. Which aspects of the risks and opportunities will you be addressing in 2024?**

The focus in 2024 will be climate change.

Addressing the risks and opportunities arising from climate change will help shape KPS Berhad to be future-focussed and able to operate successfully amidst an operating environment expected to be further beset by environmental issues. Guided by the TCFD framework, we consider physical risks, although we opine the impact of physical risks on the Group's business would be more material in the later part of our business horizon.

Currently, we consider transition risks, whose impacts we believe would be more apparent within the short and medium term, from policy, technology, market, and reputation perspectives, as well as opportunities arising from, such as resource efficiency, energy sourcing, new markets, and business resilience.

We identified 14 new ESG matters based on our double materiality assessments. Starting in 2024, KPS Berhad will analyse risks and opportunities related to these 14 matters. The details and descriptions of these matters can be found in the 2023 Sustainability Report, pages 210-217.

- 3) Referring to the emission data on page 116 of your 2023 Sustainability Report, can you provide the breakdown of emission intensity for each of your subsidiary companies? What are your angles in managing your emissions, and where is KPS Berhad in supporting the national agenda that aims for 45% reduction in emissions intensity by 2030?**

The emission intensity breakdown as of 31 December 2023 is as per below:

- a) Toyoplas: 36.2 tCO₂e/RM1 million revenue
- b) CPI: 40.9 tCO₂e/RM1 million revenue
- c) CBB: 36.9 tCO₂e/RM1 million revenue
- d) MDS: 25.4 tCO₂e/RM1 million revenue
- e) Aqua-Flo: 0.45 tCO₂/RM1 million revenue

The approach to mitigating carbon emissions begins with monitoring energy consumption, as the Group consistently pursues cost and operational efficiency, especially given the rising costs of energy and electricity. Our approach is three-pronged:

- a) **Energy efficiency and reduction measures.** We are undertaking a plan to reduce energy use across the Group while also progressively becoming more energy efficient. This would entail some of our subsidiary companies' undertaking energy audits and business process reengineering across their operations. The objective is to identify opportunities to reduce energy consumption and energy and operational costs.
- b) **Decarbonisation through transitioning to RE.** To this effect, we are looking to go further and progressively transition our operations to take advantage of RE, specifically solar, to power our operations. The transition is exemplified by the

installation of solar panels at our subsidiary companies, such as at CBB in 2022, and next at CPI and Toyoplas, in 2024. This marks the journey towards greater reliance on solar energy, reducing our dependence on the national grid.

- c) **Carbon Offset.** With the possibility of carbon tax imposition as well as other factors, we may consider purchasing carbon credits to retire unavoidable or fugitive emissions. This could be achieved, for example, through participating in the Bursa Carbon Exchange's Voluntary Carbon Market or other approved trading mechanisms.

The ambitious goal to reduce carbon emissions intensity by 45% by 2030 and achieve carbon neutrality by 2050 requires a fundamental shift in decarbonising our energy sources. Hence, we have set commitments to guide us with our climate actions. Our strategic approach is centred primarily on energy efficiency initiatives and the expanded use of RE sources, with an emphasis on solar power.

4) Does the company's manufacturing subsidiaries benefit from the AI and EV boom in the market? Any plans to capitalise on these areas rather than depending on the highly cyclical consumer electronics segment?

Yes. Our subsidiary, Toyoplas, is entering the EV market and is well-positioned for this venture. Their plant in Indonesia has obtained the IETF 16949 certification, a crucial requirement for entering the automotive industry. However, it is important to note that this transition will be a lengthy and challenging process due to the rigorous audit and evaluation procedures involved. While Toyoplas will eventually make its mark in the EV market, this will not happen immediately. Regarding AI, our involvement will be more indirect. We anticipate benefiting from the growth of our customers who enter the AI industry, as this will enable us to manufacture components that complete their products. Therefore, our entry into the AI sector will be facilitated by the success of our customers rather than through direct engagement.

5) In the annual report, it was mentioned that the loss of major customers for Toyoplas led to lower sales. However, the report also mentioned that Toyoplas managed to get six new customers. Looking ahead, will the revenue from these new customers be able to fill the gap from the loss of revenue from the major customer?

To recap, last year, Toyoplas experienced a significant setback when it lost its largest customer in Indonesia, who contributed \$100 million in revenue. This customer opted to relocate to Vietnam to establish their own manufacturing capabilities, aiming to reduce production costs.

To bridge this gap, our team has been aggressively pursuing new customers. However, it's important to note that the onboarding process in our industry will take time due to thorough evaluation periods. New customers often start with smaller projects before committing to more substantial ones.

We are pleased to report that, as of the first quarter of 2024, Toyoplas has secured RM10 million in revenue from these new customers. This is a promising start, and we believe their contributions will grow in the future, similar to the growth trajectory of our previous significant clients.

Additionally, Toyoplas is making strategic moves by venturing into box-build projects. Rather than merely producing smaller parts or components, Toyoplas is now manufacturing complete products. This shift is expected to help it recover a portion of the revenue lost from the former customer.

Live-AGM Questions from MSWG/Shareholders/Proxies (answered during the AGM)

1) How is the MDS performing in the first year following acquisition, and what are the critical challenges for MDS in the next 1 to 3 years?

MDS has been performing well; last year, they achieved a notable 63% growth in profit after tax, which enabled them to meet their first-year profit guarantee. Key to this achievement was the meticulous execution of their value creation plan, primarily by reducing subcontracting and bringing parts production in-house, which significantly improved their profit margins. Additionally, planned process improvements helped lower production costs, contributing to their profit growth.

The US-China trade war poses a significant challenge, with reciprocal bans on products, particularly in the semiconductor industry, indirectly impacting MDS. Additionally, the medical supply industry faces an overstocking issue, leading to high inventory levels that affect customer orders and, consequently, MDS. However, we expect this situation to stabilise in 2024, with a return to normalcy anticipated in 2025.

2) The Selangor Government is a major shareholder of KPS Berhad via Darul Ehsan Investment Group Berhad ("DEIG") and Perbadanan Kemajuan Negeri Selangor ("PKNS"). However, this is not reflected in the amount of business procured by Smartpipe Technology Sdn Bhd considering the substantial yearly Capex by Air Selangor. I would appreciate the management/board's explanation on this.

When one has a majority shareholder, one often expects some level of support or backing. Some companies even receive assistance in securing projects. However, we won't speak on behalf of the Selangor State Government regarding their decisions on awarding projects to KPS Berhad, as it doesn't affect our operations as a whole.

Since 2016, we have demonstrated our ability to stand independently, growing from RM117 million to RM1.26 billion without the state's assets, assistance, or additional capital. Our commitment to self-reliance drives KPS Berhad's growth and success. While we would welcome projects from the Selangor State Government our merit-based approach has ensured our continued success, with revenues fetching above RM1.2 billion in 2023 and RM1.3 billion in 2022. We aim to achieve even greater numbers in the future.

3) Total loans and borrowings have reduced by approximately 13% in FY2023 compared to FY2022 to RM466.355 million. However, Finance Costs have increased by 21% despite the lower total borrowings of the Group.

- a) **What are the reason(s) for the increase in Finance Costs despite the lower borrowings?**
- b) **Can the management confirm that Finance Costs will be lower in FY2024 arising from the repayment of borrowings from the proceeds of the KaiserCorp Corporation Sdn Bhd (KaiserCorp") disposal?**

- a) The increase in Finance Costs can be attributed to the 125-basis point hike in the Overnight Policy Rate (OPR) from January 2022 to December 2023. This rise in the OPR has led to higher interest rates, thereby increasing our finance costs even though our borrowings have decreased.
- b) Yes, management expects the Finance Costs to be lower in FY2024, assuming no new debt is incurred during the financial year. Part of the proceeds from the KaiserCorp disposal will be used to repay a significant portion of our borrowings in the second half of 2024.

4) Why did KPS only declare a 2.0 sen dividend per share for FY2023?

When discussing dividends with the board members, we must determine the appropriate amount and its relative significance. These are the two primary considerations:

Firstly, our internal policy mandates a minimum distribution of 30% of our normalised PATAMI. This year, we distributed 68% of our normalised PATAMI at two cents per share, surpassing that threshold.

Secondly, we must consider the external context: How does our dividend distribution compare to the market? What is the resulting yield? At two cents, our yield is 3%, which is satisfactory given the challenging conditions of the past year. Additionally, as previously mentioned, we distributed four and a half cents in special dividends with the disposal of a 50% equity stake in KaiserCorp. Including these, the total yield amounts to 9%, representing an excellent return on investment.

Since BTP's inception in 2016, we have consistently paid dividends annually, demonstrating our commitment to rewarding our investors. However, to ensure the sustainability of future dividend distributions, we must retain some funds for reinvestment. This necessity underlies our decision to declare a two-cent dividend for 2023.

5) In what ways is KPS Berhad investing in upskilling its workforce to align with the changing demands and requirements of the evolving business landscape? (pg 75 - 76, 138 - 139) (SR 176 - 177)

Human Resource Development has always been and will remain a critical cornerstone of our annual business plan. Each year, we dedicate a pillar specifically to human resource development. Fundamental to this is fostering a high-performance culture within our team and workforce. This involves not just upskilling but also a systematic approach to identifying and evaluating the training needs of our team members.

Once we have identified the required training, we send our team for the necessary courses. This part is straightforward. The more challenging aspect begins when they return. We must ensure they can apply their new knowledge and skills and gain exposure. We also need a robust mechanism to measure and monitor their performance.

Beyond training, we must establish a proper compensation structure to retain our skilled team members and prevent them from leaving for competitors. Our development programs have proven successful, as evidenced by our financial performance and external validation. For example, the Association of Chartered

Certified Accountants (ACCA) awarded us a platinum award for our professional and training development programs, recognising our efforts internationally.

Given the success of our development programs, as shown by our growth since 2016 and external recognition, we will continue with these initiatives and explore ways to enhance them further.

6) Given the increasing threat of cyber-attacks, what measures are KPS Berhad taking to mitigate cybersecurity risks and protect critical assets?

KPS Berhad has implemented a comprehensive cybersecurity strategy, encompassing six key initiatives designed to mitigate risks and protect critical assets. These include:

- a) Investment in advanced IT infrastructure to enhance technological capabilities to defend against cyber threats.
- b) Regular security audits and assessments to identify vulnerabilities and ensure robust security measures.
- c) Continuous training and awareness programs to educate employees on cybersecurity best practices and emerging threats.
- d) Detailed incident response plan to establish protocols for prompt and effective responses to security breaches.
- e) Data encryption and strict access controls to secure sensitive information through encryption and regulating access to critical data, and
- f) Stringent third-party risk management to Implement rigorous management of third-party risks and ensuring compliance with regulations and standards.

Additionally, KPS Berhad adheres to the Personal Data Protection Act (PDPA), Cybersecurity Framework, and Data Protection Framework, referencing global standards such as the National Institute of Standards and Technology (NIST) and ISO/IEC 27001.

These measures ensure the protection of KPS Berhad's digital assets and maintain stakeholder trust.

7) We have read recently in the newspaper about the passing of (a) the Energy Efficiency and Conservation Bill 2023 ("EECA") and (b) the Environmental Quality (Amendment) Bill 2023, which is to amend the Environmental Quality Act 1974 (EQA"). Would both the EECA and the amended EQA have any material impact on KPS Group?

The EECA will require all large energy consumers to implement energy-saving measures covering both electrical and thermal energy. The EECA 2023 will supersede the Efficient Management of Electrical Energy Regulations 2008 (EMEER 2008).

As for EQA, the bill involves amendments to 28 sections of the EQA, which include the enhancement of penalties with a minimum fine range of not less than RM5,000, a maximum fine not exceeding RM10 million, and mandatory imprisonment not exceeding five years.

KPS Group is aware of the changes to the legislation concerning energy and environmental pollution. In relation to the EECA, the Group has started and will continue to adhere to the requirements, such as appointing energy managers, conducting energy audits, and embracing sustainable energy management programs, where applicable. As for amended EQA, the Group has put in place

measures such as appointing approved schedule waste collectors, having properly designated places to store schedule waste, and also commissioning and building an effluent treatment system plant, which currently is in the process of seeking the relevant approvals from the department of environment.

8) Regarding the Group's environmental goals outlined on page 175 of the Annual Report,

- a) Why does the Group set its sights on achieving carbon neutrality by 2050 rather than aiming for this milestone by 2030, despite having an offsetting plan in place?**
 - b) What rationale underpins the Group's decision to extend the timeline for achieving carbon neutrality?**
 - c) Does the Group ultimately aspire to reach net zero emissions, and if so, by when?**
- a) KPS Berhad is closely aligned with Malaysia's commitment to reduce its carbon emission intensity by 45% by 2030. At the same time, KPS Berhad is also pursuing the nation's ultimate goal of achieving carbon neutrality by 2050.
 - b) KPS Berhad's pledge to tackle climate change and reduce carbon emissions is primarily driven by Malaysia's agenda to reduce emission intensity and achieve net-zero emissions by 2050.
 - c) Setting a target for carbon neutrality by 2050 is more meaningful and practical, as we anticipate that some carbon emissions cannot be reduced or avoided due to the nature of manufacturing operations. However, by reducing emissions as much as possible, the unavoidable residual carbon will be offset through the purchase of carbon credits, for instance.